

House File 2373 - Introduced

HOUSE FILE 2373

BY HALL

A BILL FOR

1 An Act relating to property taxation by modifying provisions
2 relating to assessment and exemption of certain property,
3 modifying provisions relating to property assessment
4 appeals, and providing for the reimbursement of certain
5 appeal costs.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, subsection 21A, Code 2018, is
2 amended to read as follows:

3 21A. *Dwelling unit property owned by community housing*
4 *development organization.*

5 a. Dwelling unit property owned and managed by a community
6 housing development organization, as recognized by the state
7 of Iowa and the federal government pursuant to criteria
8 for community housing development organization designation
9 contained in the HOME program of the federal National
10 Affordable Housing Act of 1990, if the organization is also a
11 nonprofit organization exempt from federal income tax under
12 section 501(c)(3) of the Internal Revenue Code and owns and
13 manages more than one hundred fifty dwelling units that are
14 located in a city with a population of more than one hundred
15 ten thousand.

16 b. For assessment years beginning on or after January
17 1, 2019, dwelling unit property that is constructed or
18 substantially rehabilitated on or after July 1, 2018, is
19 eligible for the exemption under this subsection if such
20 property is owned, managed, or controlled by a community
21 housing development organization that is a nonprofit
22 organization exempt from federal income tax under section
23 501(c)(3) of the Internal Revenue Code, that meets the
24 criteria contained in the HOME program of the federal National
25 Affordable Housing Act of 1990, and that owns and manages
26 more than one hundred fifty dwelling units. The exemption
27 authorized under this paragraph shall be allowed for each
28 eligible property unless specifically disapproved by resolution
29 of the city council for property located in a city or by
30 resolution of the board of supervisors for property located in
31 the unincorporated area of a county.

33 c. For the ~~2005 and 2006~~ assessment years beginning January
34 1, 2005, and January 1, 2006, an application is not required
35 to be filed to receive the exemption. For the assessment year

1 beginning January 1, 2007, and subsequent assessment years,
 2 an application for exemption must be filed with the assessing
 3 authority not later than February 1 of the assessment year for
 4 which the exemption is sought. Upon the filing and allowance
 5 of the claim, the claim shall be allowed on the property for
 6 successive years without further filing as long as the property
 7 continues to qualify for the exemption.

8 Sec. 2. Section 428.4, subsection 1, Code 2018, is amended
 9 to read as follows:

10 1. Property shall be assessed for taxation each year.
 11 Real estate shall be listed and assessed in 1981 and every
 12 two years thereafter. The assessment of real estate shall
 13 be the value of the real estate as of January 1 of the year
 14 of the assessment. The year 1981 and each odd-numbered year
 15 thereafter shall be a reassessment year. In any even-numbered
 16 year, after the year in which an assessment has been made
 17 of all the real estate in an assessing jurisdiction, the
 18 assessor shall value and assess or revalue and reassess, as
 19 the case may require, any individual real estate parcel that
 20 the assessor finds was ~~incorrectly valued or assessed~~ for more
 21 than the value authorized by law, or was not listed, ~~valued,~~
 22 ~~and assessed,~~ in the assessment year immediately preceding,
 23 also any real estate the assessor finds has changed in value
 24 subsequent to January 1 of the preceding real estate assessment
 25 year in accordance with subsection 3. However, a percentage
 26 increase on a class of property shall not be made in a year
 27 not subject to an equalization order unless ordered by the
 28 department of revenue, and any such increase must apply to
 29 all property within the class. A percentage increase for an
 30 even-numbered year shall be applied to all property within the
 31 class and shall not be applied only to a subset of the class
 32 unless approved by the department of revenue. The assessor
 33 shall determine the actual value and compute the taxable value
 34 thereof as of January 1 of the year of the revaluation and
 35 reassessment of all real estate. The assessment shall be

1 completed as specified in [section 441.28](#), but no reduction or
 2 increase in actual value shall be made for prior years. If an
 3 assessor makes a change in the valuation of the real estate as
 4 provided for, [sections 441.23](#), [441.37](#), [441.37A](#), [441.37B](#), and
 5 [441.38](#) apply.

6 Sec. 3. Section 441.21, subsection 3, Code 2018, is amended
 7 to read as follows:

8 3. a. *"Actual value", "taxable value", or "assessed value"*
 9 as used in other sections of the Code in relation to assessment
 10 of property for taxation shall mean the valuations as
 11 determined by [this section](#), ~~however.~~ However, other provisions
 12 of the Code providing special methods or formulas for assessing
 13 or valuing specified property shall remain in effect, but this
 14 section shall be applicable to the extent consistent with such
 15 provisions. The assessor and department of revenue shall
 16 disclose at the written request of the taxpayer all information
 17 in any formula or method used to determine the actual value of
 18 the taxpayer's property.

19 b. (1) For assessment years beginning before January
 20 1, 2018, the burden of proof shall be upon any complainant
 21 attacking such valuation as excessive, inadequate, inequitable,
 22 or capricious. However, in protest or appeal proceedings when
 23 the complainant offers competent evidence by at least two
 24 disinterested witnesses that the market value of the property
 25 is less than the market value determined by the assessor, the
 26 burden of proof thereafter shall be upon the officials or
 27 persons seeking to uphold such valuation to be assessed.

28 (2) For the assessment ~~years~~ year beginning ~~on or after~~
 29 January 1, 2018, the burden of proof shall be upon any
 30 complainant attacking such valuation as excessive, inadequate,
 31 inequitable, or capricious. However, in protest or appeal
 32 proceedings when the complainant offers competent evidence
 33 that the market value of the property is different than the
 34 market value determined by the assessor, the burden of proof
 35 thereafter shall be upon the officials or persons seeking to

1 uphold such valuation to be assessed.

2 (3) For assessment years beginning on or after January 1,
3 2019, when a valuation is attacked by a complainant, the burden
4 of proof shall be upon the office of assessor to demonstrate
5 that such valuation is not excessive, inadequate, inequitable,
6 or capricious.

7 ~~(3)~~ (4) If the classification of a property has been
8 previously adjudicated by the property assessment appeal board
9 or a court as part of an appeal under [this chapter](#), there
10 is a presumption that the classification of the property has
11 not changed for each of the four subsequent assessment years,
12 unless a subsequent such adjudication of the classification of
13 the property has occurred, and the burden of demonstrating a
14 change in use shall be upon the person asserting a change to
15 the property's classification.

16 Sec. 4. Section 441.37A, subsection 3, paragraph e, Code
17 2018, is amended to read as follows:

18 e. ~~Each~~ Except as provided in section 441.40A, each party
19 to the appeal shall be responsible for the costs of the appeal
20 incurred by that party.

21 Sec. 5. NEW SECTION. **441.40A Reimbursement of owner or**
22 **taxpayer reasonable costs.**

23 1. a. If the amount of a property's assessment following
24 disposition of all protests or appeals for an assessment year
25 is less than the amount of the assessment specified on the
26 assessment roll provided to the owner or taxpayer under section
27 441.26, the office of assessor shall reimburse a percentage of
28 the property owner's or aggrieved taxpayer's reasonable costs
29 incurred in all such protests or appeals, excluding those costs
30 apportioned to the board of review or a taxing body pursuant to
31 section 441.40, if any, equal to the percentage by which the
32 assessment is reduced.

33 b. The property owner or aggrieved taxpayer may request
34 reimbursement from the office of assessor for such reasonable
35 costs on a form prescribed by the department of revenue. Upon

1 receipt of a reimbursement request under this section, such
2 reimbursement amounts shall be paid from the assessment expense
3 fund under section 441.16.

4 2. For purposes of this section, costs include but are not
5 limited to legal fees, appraisal fees, and witness fees.

6 3. The requirement to reimburse a percentage of a property
7 owner's or aggrieved taxpayer's reasonable costs shall not
8 apply to costs incurred by the property owner or aggrieved
9 taxpayer for the first assessment year beginning on or after
10 January 1, 2019, for which the owner or taxpayer protests or
11 appeals the assessment of the property and a reduction in the
12 assessment occurs as provided in subsection 1.

13 Sec. 6. Section 441.41, Code 2018, is amended to read as
14 follows:

15 **441.41 Legal counsel.**

16 In the case of cities having an assessor, the city legal
17 department shall represent the assessor and board of review
18 in all litigation dealing with assessments. In the case of
19 counties, the county attorney shall represent the assessor and
20 board of review in all litigation dealing with assessments.
21 Any taxing district interested in the taxes received from such
22 assessments may be represented by an attorney and shall be
23 required to appear by attorney upon written request of the
24 assessor to the presiding officer of any such taxing district.
25 The Subject to review and approval by the city legal department
26 or the county attorney, as applicable, the conference board may
27 employ special counsel to assist the city legal department or
28 county attorney as the case may be, including employing special
29 counsel if the city legal department or county attorney is
30 disqualified because of a conflict of interest.

31 Sec. 7. IMPLEMENTATION. Section 25B.7 shall not apply to
32 the amendment to section 427.1, subsection 21A, in this Act.

33 **EXPLANATION**

34 The inclusion of this explanation does not constitute agreement with
35 the explanation's substance by the members of the general assembly.

1 This bill relates to property taxation by modifying
2 provisions relating to assessment and exemption of certain
3 property, modifying provisions relating to property assessment
4 appeals, and providing for the reimbursement of certain appeal
5 costs.

6 Current law provides an exemption from property taxation
7 for dwelling unit property owned and managed by a nonprofit
8 community housing development organization if the organization
9 owns and manages more than 150 dwelling units located in a city
10 with a population of more than 110,000. The bill authorizes a
11 similar property tax exemption for assessment years beginning
12 on or after January 1, 2019, for dwelling unit property that
13 is constructed or substantially rehabilitated on or after July
14 1, 2018, if the property is owned, managed, or controlled
15 by a community housing development organization that owns
16 and manages more than 150 dwelling units. The exemption
17 established in the bill does not include a city population
18 requirement and provides that the exemption is allowed for
19 each eligible property unless specifically disapproved by the
20 city if located in a city or the county if located in the
21 unincorporated area of a county.

22 The bill modifies provisions relating to even-numbered
23 assessment years by providing that the assessor shall value
24 and assess or revalue and reassess, as the case may require,
25 any individual real estate parcel that the assessor finds was
26 assessed for more than the value authorized by law or was not
27 listed in the assessment year immediately preceding, and any
28 real estate the assessor finds has changed in value subsequent
29 to January 1 of the preceding real estate assessment year
30 based on buildings erected, improvements made, or buildings or
31 improvements removed in a year after the assessment. The bill
32 also provides that a percentage increase for an even-numbered
33 assessment year shall be applied to all property within the
34 class and shall not be applied only to a subset of the class
35 unless approved by the department of revenue.

1 Current Code section 441.21(3) specifies a burden of proof
2 for taxpayer protests or appeals of property assessments made
3 by local assessors. The current standard for assessment years
4 beginning on or after January 1, 2018, is that the burden of
5 proof shall be upon any complainant attacking such valuation as
6 excessive, inadequate, inequitable, or capricious. However,
7 in protest or appeal proceedings when the complainant offers
8 competent evidence that the market value of the property is
9 different than the market value determined by the assessor,
10 the burden of proof thereafter shall be upon the officials or
11 persons seeking to uphold such valuation to be assessed.

12 The bill provides that for assessment years beginning on
13 or after January 1, 2019, when a valuation is attacked by a
14 complainant, the burden of proof shall be upon the office of
15 assessor to demonstrate that such valuation is not excessive,
16 inadequate, inequitable, or capricious.

17 Under current law generally, each party to a property tax
18 appeal is responsible for the costs of the appeal incurred
19 by that party. The bill provides that if the amount of a
20 property's assessment following disposition of all protests
21 or appeals for an assessment year is less than the amount of
22 the assessment specified on the assessment roll, the office of
23 assessor shall reimburse a percentage of the property owner's
24 or aggrieved taxpayer's reasonable costs incurred in all such
25 protests or appeals, excluding those costs apportioned to the
26 board of review or a taxing body pursuant to Code section
27 441.40, if any, equal to the percentage by which the assessment
28 is reduced. The reimbursement amounts required under the
29 bill are paid from the assessment expense fund under Code
30 section 441.16. However, the bill's requirement to reimburse
31 a percentage of a property owner's or aggrieved taxpayer's
32 reasonable costs shall not apply to costs incurred by the
33 property owner or aggrieved taxpayer for the first assessment
34 year beginning on or after January 1, 2019, for which the owner
35 or taxpayer protests or appeals the assessment of the property

1 and a reduction in the assessment occurs.

2 Current Code section 441.41 authorizes the conference board
3 to employ special counsel to assist the city legal department
4 or the county attorney in litigation dealing with assessments.
5 The bill provides that such authority is subject to review and
6 approval by the city legal department or the county attorney,
7 as applicable, and includes situations where the city legal
8 department or county attorney is disqualified because of a
9 conflict of interest.

10 The bill makes inapplicable Code section 25B.7 to the
11 section of the bill amending Code section 427.1(21A). Code
12 section 25B.7 provides that for a property tax credit or
13 exemption enacted on or after January 1, 1997, if a state
14 appropriation made to fund the credit or exemption is not
15 sufficient to fully fund the credit or exemption, the political
16 subdivision shall be required to extend to the taxpayer only
17 that portion of the credit or exemption estimated by the
18 department of revenue to be funded by the state appropriation.